

**STATEMENT OF JOE YUHAS, EXECUTIVE DIRECTOR, ARIZONA RESTAURANT
ASSOCIATION REGRADING CAMPAIGN FINANCE REFORM
MARCH 17, 2001**

Good afternoon. My name is Joe Yuhas and I am the Executive Director of the Arizona Restaurant Association. I would like to thank Congressman Bob Ney for holding today's hearing and for his ongoing defense of the First Amendment.

Our association represents one of the largest industries in Arizona, with nearly 8,000 establishments employing just over 150,000 workers. The Arizona restaurant industry accounts for over eight percent of the state's economy.

The restaurant industry is represented in every town and hamlet in this country. We are the largest private sector employer in the nation, and in fact, outside of government, THE largest employer in the nation. We are typically the first place of employment for your children or those seeking to re-enter the workforce. We are an industry of opportunity for women, who fill six out of 10 of our positions, while African Americans and Hispanics account for 12 and 17 percent of our workforce respectfully. In fact, the numbers of women and minority owned restaurants in the U.S., has increased at a double digit rate in each of the past several years.

We are the heart of the nation's philanthropic and community service efforts. And we are small business, with 7 out of 10 restaurants employing less than 20 people here.

There may be those who are quick to paint us as "just another special interest group".

I would suggest that the restaurant industry IS America.

So given the investment our members make in their businesses and the community, with the number of employees who rely on our industry for their livelihoods, with the countless public agencies that regulate our trade, and with the tax revenue we contribute at all levels of government, it stands to reason that those in the restaurant industry have a more than passing interest in the public policy making process.

As Executive Director of the Arizona Restaurant Association I have had first experience dealing with both the federal and state campaign finance laws. In addition to lobbying on issues of importance to the restaurant industry, we provide members with support on legal and regulatory compliance issues and sponsors educational forums.

Based on my experience, I have three major concerns with S. 27 and HR 380.

First, these bills do not seriously address the reality that hard money contribution limits in place since the reforms of the mid-70's have now deteriorated as a result of 30 years of inflation. Candidates spend so much time raising money today in part because the high cost of reaching the voters can only be met through antiquated contribution limits. I believe that the explosion of soft money in recent years is a reflection of the fact that the hard money component of our campaign finance system is wholly outdated. Raising hard limits for individuals and PACs in a commensurate manner would help alleviate these pressures and put campaign money back in the hands of candidates.

Second, the legislation's coordination and issue advocacy provisions would further constrict the free flow of information between lawmakers and those most affected by their decisions in the business and labor communities as well as the public. They unfairly target corporations and labor unions and would have a chilling effect on discussions of public policy issues critical to our

nation's economy. No matter how hard they try to deny it, the "reform" community wants to restrict the speech of some to the benefit of incumbent officeholders.

Finally, the legislation would devastate political parties and leave wealthy contributors and the press in control of political discourse in America. Both bills severely hamstring state political parties with regulatory red tape and eliminates a major source of funding for important party building activities at the state and federal levels. With political parties out of the way, wealthy individuals would continue giving millions of dollars through non-profits to advance their philosophies at a level of sophistication akin to the political parties themselves – effectively destroying a two-Party system that has served our nation well for generations.

That is essentially what is taking place here in Arizona. Our voter-enacted public finance law was a rush to judgment without the benefit of a thorough public debate. Aside from the argument that my tax dollars are being used to finance the campaigns of individuals whom I don't agree with, our members and their employees can not even contribute to the candidates of their choice without triggering a appropriation of public funds of a like amount to their opponents—including fringe party candidates.

Public financing of campaign in Arizona is still in its infancy. But I predict we will see a continued deterioration of the two party system at an even more rapid pace here in Arizona. And as examine the instability of coalition governments around the world, I fear for the ability of Arizona lawmakers to effectively govern in the future.

These approaches to campaign finance are not the only option pending before Congress. I know that other lawmakers are also wrestling with this issue and deserve recognition for their bipartisan efforts. As the Senate and House debates approach, I would encourage the media and public to

take a closer look at all options before reaching judgment. Our two-Party system of government and the stability that comes with it deserves careful, deliberate analysis of our options – not an artificial rush to legislate. Thank you.